

ARTICLE APPEARED
ON PAGE B-10

NEW YORK TIMES
29 May 1984

Project Democracy Takes Wing

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, May 28 — Carl Gershman, a former aide to Jeane J. Kirkpatrick, the chief United States delegate to the United Nations, is setting up shop here these days in a difficult new job.

He is head of the new National Endowment for Democracy, a federally financed foundation designed to compete in the worldwide struggle for people's minds by financing "democratic institution-building" in foreign lands. The designated spenders of this public money are the American Federation of Labor and Congress of Industrial Organizations, the Chamber of Commerce of the United States, the Democratic National Committee and the Republican National Committee.

Despite confrontational positions here at home, the four groups are now bound together in a commitment to a foreign mission: the encouragement of American-style pluralistic societies abroad. They are also bound together, of course, by the Federal money, about \$62 million over the next two years, that has already begun to flow from the offices of "Ned," as Washington's acronym mania has already named the new endowment.

But among the Congressional sponsors of this so-called Project Democracy — foremost among them Representative Dante B. Fascell of Florida, chairman of the House Foreign Affairs Committee — there is a strong belief that private citizens, operating in the open, can be more effective than secret agents in spreading the seeds of democratic ideas.

The notion of a Project Democracy first gained attention when President Reagan mentioned it in a speech to the British Parliament two years ago. As later presented in a proposal to Congress, it would have been operated by the United States Information Agency. But controversies surrounding the U.S.I.A. director, Charles Z. Wick, inspired House Democrats, led by Mr. Fascell, to the alternative of an independent National Endowment for Democracy.

In the private sector's promotion of American values abroad, until now only the American labor movement, through the Free Trade Union Institute it formed in 1978, has gone much beyond rhetoric. Largely with money from the State Department's Agency for International Development, the A.F.L.-C.I.O. has run programs overseas under its African American Free

Labor Council, Asian American Free Labor Institute and American Institute for Free Labor Development.

Through these groups, American labor's emissaries tried, for example, to organize South Vietnamese workers during the war there, sought to unionize farm workers in Grenada before the American-led invasion last year and have been active in Brazil, Chile, the Dominican Republic, Guyana and El Salvador.

Suspected of C.I.A. Ties

Although the connection has been denied, they were sometimes accused or suspected of involvement with the Central Intelligence Agency. In El Salvador in 1981, two American employees of the American Institute for Free Labor Development who had been accused of links with the C.I.A. were shot to death in the coffee shop of the San Salvador Sheraton.

But because it has gained long experience in its programs abroad, the labor movement is to get nearly a quarter of the democracy endowment's largesse, or \$13.8 million a year.

By comparison, the newly created "international institute" of both the Democratic and Republican National Committees each is to get \$5 million a year, and the Chamber of Commerce gets \$2.5 million for its new Center for International Private Enterprise. The Democratic and Republican institutes are modeled after the long-established practice in several European countries, particularly West Germany, where the main political parties now divide about \$150 million a year in government grants for overseas encouragement of democratic institutions and ideas.

Criticism From Panama

Representative Hank Brown, Republican of Colorado, a critic of the democracy endowment concept, said today that Ned-financed activities in Central America had already drawn criticism from James E. Briggs, the Ambassador to Panama.

Mr. Brown said he had obtained from the U.S.I.A. a paraphrased copy of a cable that Ambassador Briggs sent to Washington in April complaining that the American Institute for Free Labor Development, one of the A.F.L.-C.I.O. affiliates, had been given funds by Ned to cover the expenses of "activists" supporting the Presidential campaign of Nicolás Ardo Barletta. Mr. Barletta, the candidate backed by the Panamanian military, narrowly defeated former President Arnulfo Arias Madrid in the May 6 election.

Ambassador Briggs was quoted as saying in the cable: "It would be embarrassing to the United States if the labor institute's use of endowment funds to support one side in Panama's elections became public knowledge. The Ambassador requests that this project be discontinued before the U.S. Government is further compromised in Panama."

Mr. Gershman, reached in New York today, said the Panamanian issue "came up before I got the endowment." He confirmed that about \$20,000 in Government funds had been used by the labor institute in Panama to support the Barletta campaign, but said: "I am not sure it was Ned money, and in any case it is my understanding that this has all been worked out to everybody's satisfaction — the Ambassador's, the State Department's and the institute's."

The C.I.A. Obstacle

One of the obstacles that Mr. Gershman must overcome is the C.I.A.'s reputed secret involvement in the past in a lot of what the Endowment for Democracy hopes to do in the open: encouragement of political parties compatible with United States interests, of vigorous labor unions and democratic press and church groups and the publication of writings by pro-Western dissidents. As one of its first actions the Ned board voted to forbid any employment of C.I.A. personnel or covert C.I.A. agenda in its programs.

When Congress considered the creation of the National Endowment for Democracy last fall, the prospect of a C.I.A. presence so worried Senator William Proxmire, Democrat of Wisconsin, that he persuaded the Senate to bar from Ned anyone who had worked for the C.I.A. for the last 20 years. This, in turn, so affronted William J. Casey, the Director of Central Intelligence, that he negotiated a compromise with Senator Proxmire before final adoption of the bill.

"On behalf of the intelligence community, I have agreed with Senator Proxmire that the National Endowment for Democracy will not be used to conduct intelligence activities," Mr. Casey said at the time. "In addition, I have reached a general understanding that intelligence community personnel shall not be permitted employment by the National Endowment for Democracy except as jointly agreed in future negotiations with Senator Proxmire."

Continued